



**PLANNING AND DEVELOPMENT SERVICES
DEPARTMENT**

455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 728-1392

Agenda Item No. 9

TO: Town Council acting as the Mountain Village Housing Authority

FROM: Michelle Haynes, Planning and Development Services Director

FOR: Meeting of November 21, 2019

DATE: November 10, 2019

RE: A Resolution of the Mountain Village Housing Authority Approving Rental Adjustments at Village Court Apartments (VCA) effective in the year 2020 with each lease renewal.

PURPOSE

Town Council, acting as the Mountain Village Housing Authority, is considering VCA rent adjustments effective with each lease renewal in 2020. Staff is also providing a draft tenant communication letter for Council information and review because additional changes have been directed by Town Council, effective in 2020, such as tenant responsibility for basic cable and tenant responsibility for electric usage in studio and two bedroom units. There are also additional regulation, policy and property improvement information to share with VCA tenants.

EXHIBITS

- A. VCA Rent Analysis and Proposed Adjustments
- B. Mountain Village Housing Authority Resolution
- C. Proposed Tenant Communication
- D. Village Court Apartment Affordable Housing History
- E. Additional Information the VCA Committee asked to be shared with Council
 - i) Rent Analysis VCA and Shandoka Only
 - ii) VCA Rent Analysis, Comparison square feet and cost per square feet
 - iii) HOME & CBDG Unit Rent Impacts with a proposed rent adjustment

RENT ADJUSTMENT ASSUMPTIONS AND RECOMMENDATION

The VCA Committee met on October 21 and 29, 2019 to formulate the form of the table information, recommendation, and assumptions regarding the VCA rent adjustments.

Figure 1. Rent Adjustment Recommendation Summary Table

Unit Type	Existing Rent	Proposed Rent	Change(+/-)
Studio	\$700	\$674	-\$26
One Bedroom	\$862	\$887	+\$25
Two Bedroom	\$1,071	\$990	-\$80
Three Bedroom	\$1,251	\$1,288	+\$37

The VCA committee asked that the rents be normalized as shown in the table (exhibit A).

The rents were normalized in the table in the following ways:

- 1) For studio and two bedroom units, rents are reduced by the San Miguel Power Association (SMPA) average electric use.
- 2) For all unit types, TMVOA dues are backed out prior to the proposed rent adjustments, then added back into the proposed 2020 rent.
- 3) The proposed increase is 3% for one and three bedroom units based upon the net rent value.
- 4) The proposed increase for studio and two-bedroom is 3% plus a \$6.50 fee to cover the sub-meter costs to VCA, over an estimated five year period.

INFORMATION PROVIDED BY SAN MIGUEL POWER ASSOCIATION (SMPA)

The VCA committee and Town Council requested specific electric billing data in order to better assess rent adjustments. SMPA provided average electric usage data over a three year period for each unit type at VCA. In buildings 1-3 SMPA reduced the building electric value by 25% to account for the commercial uses, then averaged the remaining electric bills between the tenant units. The SMPA electric adjustment is shown in the table of exhibit A. In 2014, VCA utilized the HUD electric allowance for the purposes of rent adjustments; in 2020, the Town directed that the SMPA average electric usage data be utilized because it reflects site specific usage.

DETAILS REGARDING STUDIO AND TWO-BEDROOM UNIT RENT ADJUSTMENTS

Studio and 2-bedroom units will no longer include electricity in the rent. Like the one-bedroom and three-bedroom units, studios and two-bedroom units electric will be sub-metered and billed directly to the tenants. The proposed rent adjustments reduce the rent for studios and two-bedroom units by an estimated average monthly electric cost provided by San Miguel Power Association. Table 1. (above) and exhibit A, show an overall rent decrease for studios and two-bedroom units to account for the change in electric billing.

RENT AJUSTMENT JUSTIFICATION

The Mountain Village Housing Authority increased rents three times, in 2010, 2014 and 2019 over the past ten years. Tenants will realize the value of a rental increase by continuing to see improvements to apartments and grounds.

The rental increase is also intended to offset increasing operation and maintenance costs, keep up with Area Median Income (AMI) changes each year, and better support improvements to the property and units. VCA rents are well below Fair Market Rents (FMR) for our region and in all cases (except one bedroom units), well below similar inventory within the region.

IMPROVEMENTS SINCE 2017

Since 2017, VCA has spent over \$1,000,000 in property improvements including and not limited to the following projects:

- Created 72 additional parking spaces by creating two new parking areas and restriping the parking lot.
- Added a laundry room to building 8.
- Replaced water heaters that had outlived their lifespan.
- Replaced appliances.
- Replaced carpet and vinyl in the units.

PROPOSED TENANT COMMUNICATION

Attached (as exhibit C) is a proposed communication to VCA tenants making tenants aware of the changes to policy and regulation including and not limited to the removal of shed structures, removal of basic cable as an included utility, grill policy changes and implementation, the rent adjustments, submetering of buildings 1-9, and improvements in 2020.

RECOMMENDED MOTION

I move to approve a Resolution of the Mountain Village Housing Authority, to adjust Village Court Apartment rents in 2020 with lease renewal with the findings as stated in the Resolution as exhibit B and rental adjustments shown on exhibit A, VCA Rent Analysis and Proposed 2020 Rents.

2020 Proposed Village Court Apartments Rent including regional comparative properties

PROPOSED INCREASE TABLE SHOWING PER MONTH VALUES								
APARTMENT	Number of Units	2019 Rent Amount	SMPA Electric Adjustment(1)	TMVOA Dues Adjustment per Month	Net Rent	Proposed Increase Based on Net Rent	Add Back TMVOA Dues	2020 Proposed Rent
STUDIOS								
Village Court (Apartment)	78	\$ 700	(\$52)	(\$12.50)	\$ 636	\$ 25.57	\$ 12.50	\$674
Virginia Placer (Apartment)	6	\$863						\$898
Big Billies (Dormitory)	9	\$788						\$788
Tiny Homes (Free Standing)	3	\$729						\$758
Big Billies (Dormitory)	138	\$688						\$688
Average		\$754						\$761
Median		\$729						\$758
1 BEDROOM								
Village Court	78	\$ 862	paid by tenant	(\$12.50)	\$ 850	\$ 25.49	\$ 12.50	\$887
Mountain View	5	\$700						\$700
Shandoka	12	\$ 885						\$898
Shandoka	30	\$ 851						\$864
Average		\$812						\$837
Median		\$851						\$876
2 BEDROOM								
Village Court	52	\$ 1,071	(\$116)	(\$12.50)	\$ 943	\$ 34.78	\$12.50	\$990
Virginia Placer	9	\$1,451						\$1,509
Shandoka	10	\$ 1,167						\$1,185
Shandoka	4	\$ 1,302						\$1,322
Mountain View	25	\$1,100						\$1,100
Virginia Placer	3	\$1,421						\$1,478
Shandoka	35	\$ 1,132						\$1,149
Average		\$1,262						\$1,247
Median		\$1,235						\$1,185
3 BEDROOM								
Village Court	12	\$ 1,251	paid by tenant	(\$12.50)	\$ 1,239	\$ 37.16	\$ 12.50	\$1,288
Shandoka	5	\$ 1,564						\$1,587
Shandoka	11	\$ 1,488						\$1,510
Shandoka	7	\$ 1,457						\$1,479
Average		\$1,440						\$1,466
Median		\$1,473						\$1,495
TOTAL VCA RENT REVENUES		\$ 2,310,480						\$ 2,264,257

Notes:

- SMPA Electric Adjustment for studios and two-bedrooms provided by San Miguel Power. The average electric usage was provided over a three year period per each unit type. Assumes 25% of the electric bill for buildings 1,2 & 3, that have associated commercial space, is removed from the residential tenant electric use average. Then the remaining electric bill (less 25%) was distributed between the remaining residential tenant units.
- The Mountain Village Housing Authority pays TMVOA dues of \$150 per employee apartment unit per year. The VCA Committee wanted to account for these dues in the analysis.
- Effective January 1, 2020, Basic cable will no longer be provided for free to VCA residents and will reduce VCA expenses by \$61,000 per year.
- Shandoka rent includes water, sewer, trash and recycling.
- VCA proposed rent includes water, sewer, trash, and recycling.
- VCA electric to be sub-metered for studios and two- bedroom units, paid by tenant.
- VCA 1 bedroom and 3 bedroom have always been submetered and pay their own electric bill.
- Proposed Increase is 3% for all units. Studio and two-bedroom units have an additional \$6.50 value based upon a sub-metering project payback over five years.
- Shandoka will increase rents by 1.5% in 2020. That increase is reflected in the table. Virginia Placer and Tiny Homes will increase by 4% in 2020, also reflected in the table.
- Total rent revenues are lower; however, the town will no longer pay an approximate electric bill of \$150,000 a year for tenant units in buildings 1-9, so VCA electric utility expenses will be reduced.
- Big Billies and Mountain View electric which is included in the rent, could not be provided in time for this analysis.

**RESOLUTION OF THE TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY
TOWN OF MOUNTAIN VILLAGE, COLORADO
FOR THE ADOPTION OF CERTAIN
PROPOSED VILLAGE COURT APARTMENTS FEE ADJUSTMENTS FOR 2020**

Resolution No. 2019–

RECITALS

- A. The Town of Mountain Village Housing Authority has increased rents at Village Court Apartments (VCA) three times in ten years: 2010, 2014 and 2019; and,
- B. The VCA committee met on October 21, 2019 and October 29, 2019 to discuss the rental adjustments; and,
- C. Town Council discussed rent adjustments during two budget work sessions on October 7, 2019 and October 15, 2019 and one public meeting on November 21, 2019; and,
- D. Rental adjustments are necessary to keep up with operations and maintenance costs; and,
- E. Village Court Apartments will no longer provide basic cable included in the rent; and,
- F. Studio and two-bedroom unit electricity will no longer be provided as part of the rent; and,
- G. Rental fee adjustments will become effective upon lease renewal for one bedroom and three bedroom units and,
- H. Rental fee adjustments for studio and two-bedroom units will become effective upon lease renewal and upon electric submeter installation; and,
- I. Rental fee adjustment proposed by this resolution are the following:

Unit Type	Existing Rent	Proposed Rent
Studio	\$700	\$674
One Bedroom	\$862	\$887
Two Bedroom	\$1,071	\$990
Three Bedroom	\$1,251	\$1,288

NOW THEREFORE, BE IT RESOLVED, that the Town of Mountain Village Housing Authority, Town of Mountain Village, Colorado, hereby approves and adopts the attached 2020 fee schedule modifications shown under recital I. above.

This Resolution adopted by the Town Council of the Town of Mountain Village, Colorado, at a public meeting held on the 21th day of November, 2019.

**TOWN OF MOUNTAIN VILLAGE,
COLORADO, a home-rule municipality**

ATTEST:

Laila Benitez, Mayor

Jackie Kennefick, Town Clerk

APPROVED AS TO FORM:

By: _____
James Mahoney, Assistant Town Attorney



TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY
VILLAGE COURT APARTMENTS
415 Mountain Village Blvd. Suite 1
Mountain Village, CO 81435
970-728-9117 Pho
970-728-1318 Fax

VCA provides a safe, clean, friendly living environment for the residents of our community with a positive attitude.

IMPORTANT NOTICE REGARDING CHANGES AT VILLAGE COURT APARTMENTS

November 22, 2019

Dear VCA tenants:

Since 2017, the Mountain Village Housing Authority spent approximately \$1 million improving Village Court Apartments. These improvements include:

- Two new paved parking areas.
- Restriped the entire parking area that added an additional 72 parking spaces in combination with the new paved parking areas.
- A new laundry facility attached to building 8.
- Replaced water heaters that outlived their life span.
- Replaced appliances (refrigerators, stoves and dishwashers).
- Replaced carpet and vinyl in each apartment.

In the past decade, rents have increased just three times: in 2010, 2014 and 2019. The Town put forth their best efforts in 2010 to simplify rents and align them with regional housing rates. However, due to of the lack of incremental rent increases since 2010, our rent structure has not kept up with inflation, operating and maintenance costs, Area Median Income rates, the Consumer Price Index, comparable regional deed-restricted housing rates or Fair Market Rents.

VCA tenants can expect incremental rent increases each year moving forward with the understanding that the additional revenues will be utilized to fund further property improvements. The Mountain Village Housing Authority has adopted the following rate increase for 2020 to be implemented with the lease renewal:

Unit Type	Existing Rent	Proposed Rent
Studio	\$700	\$674
One Bedroom	\$862	\$887
Two Bedroom	\$1,071	\$990
Three Bedroom	\$1,251	\$1,288

The Mountain Village Housing Authority has adopted the following work plan items in its 2020 budget, so you have a sense of what improvements to expect in the remainder of 2019 and 2020.





TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY
VILLAGE COURT APARTMENTS
415 Mountain Village Blvd. Suite 1
Mountain Village, CO 81435
970-728-9117 Pho
970-728-1318 Fax

VCA provides a safe, clean, friendly living environment for the residents of our community with a positive attitude.

These planned improvements are:

1. A landscape plan to create park-like areas, realign some sidewalks and create turf areas that are easy to maintain. Generally develop an outdoor space standard akin to the rest of the Mountain Village. This will be implemented over the course of several years.
2. The parking area will be re-asphalted and re-striped.
3. Installation of programmable thermostats in each unit in order to reduce energy consumption.
4. Basic cable service will no longer be included in the rent effective January 1, 2020. If you wish to continue this service, please contact Town of Mountain Village Cable Department at 970-369-0555 and have an account set up in your name.
5. One- and three-bedroom units will transition from having electricity included in their rent to paying for their own electric bill.
6. Personal grills, which are prohibited in the existing lease, will be removed from premises by January 1, 2020. The town will install charcoal grills on the property for tenant use by the summer of 2020.
7. Hallway lighting will be replaced and improved.
8. Exterior open cubby areas beneath stairwells in buildings 1,2,3,8 and 9, currently used for personal storage by tenants, will be managed better and will be expected to be kept tidier. We are working through a system to either screen from view or organize personal items in a tidier matter in 2020 and will keep tenants posted.
9. Laundry rooms are now equip with key-pad access and hours of operation are from 8:00 a.m. to 10 p.m.
10. Enhanced snow removal policies and practices to create a safe, walkable and drivable environment for tenants.
11. Common areas will be improved and maintained at a higher standard.
12. Cumulative written violations of VCA regulations will be considered at lease renewal to assure we maintain a safe living environment for all tenants with renters who abide by VCA regulations.

We will continue to communicate improvements in the VCA tenant newsletter. You can find an archive of 12 months of tenant newsletters on the Village Court Apartments webpage at the following link: townofmountainvillage.com/vca.

Sincerely
Michelle Haynes
Housing Director
Mountain Village Housing Authority



VILLAGE COURT APARTMENTS (VCA) AFFORDABLE HOUSING HISTORY

Village Court Apartments housing is available to community members who are employed within the Telluride R-1 School District. VCA administrative staff verifies employment as part of the rental application process, along with Lawful Presence verification that demonstrates a tenant is lawfully present in the United States.

Of the 220 VCA Units, 88 units are further income and rent-restricted because of a Federal Community Block Grant and State Housing Development Grant of \$1.38 million for the VCA Rehabilitation Project. We also have seven (7) units that are equally limited in income and rent due to a past HOME loan deed restriction.

We also currently have six (6) Section 8 tenants at VCA. Section 8 is also called the Housing Choice Voucher Program, providing federal rental assistance to low income-eligible tenants by subsidizing a portion of their monthly rent and utilities.

Village Court Apartments provides a range of affordable housing options for tenants. Of the 220 existing units, 125 units are unencumbered by any rental or income restrictions, absent the requirement to be employed in the R-1 school district and demonstrate lawful presence in the United States.

2020 Rental Comparison Shandoka and Village Court Apartment

PROPOSED INCREASE TABLE SHOWING PER MONTH VALUES

Number of Units	SQ. FT.	VCA Rent	SMPA Electric Adjustment(1)	TMVOA Dues Adjustment	Net Rent	Proposed Increase Based upon Net Rent	Add Back TMVOA Dues	2020 Proposed Rent
STUDIOS								
Village Court (Apartment)	78	\$ 700	(\$52)	(\$12.50)	\$ 636	\$ 25.57	\$ 12.50	\$674
1 BEDROOM								
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Shandoka	12	\$ 885						\$898
Shandoka	30	\$ 851						\$864
Average		\$ 827						\$837
Median		\$ 851						\$876
2 BEDROOM								
Village Court	52	\$ 1,071	(\$116)	(\$12.50)	\$ 943	\$ 34.78	\$ 12.50	\$990
Shandoka	10	\$ 1,167						\$1,185
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Shandoka	5	\$ 1,564						\$1,587
Shandoka	11	\$ 1,488						\$1,510
Shandoka	7	\$ 1,457						\$1,479
Average		\$1,440						\$1,466
Median		\$1,473						\$1,495

2020 Rental Comparison with Square Feet and Cost per Square Feet

PROPOSED INCREASE TABLE SHOWING PER MONTH VALUES											
APARTMENT	Number of Units	Sq. Ft.	Cost Per Sq. Ft.	2019 Rent Amount	SMPA Electric Allowance(1)	TMVOA Dues Adjustment	Net Rent	Proposed Increase	Add Back TMVOA Dues	2020 Proposed Rent	Cost per Sq. Ft. 2020 Proposed Rent
STUDIOS											
Village Court (Apartment)	78	351	\$1.99	\$ 700	(\$52)	(\$12.50)	\$ 636	\$ 25.57	\$ 12.50	\$674	\$1.92
Virginia Placer (Apartment)	6	407	\$2.12	\$863						\$898	\$2.21
Big Billies (Dormitory)	9	363	\$2.17	\$788						\$788	\$2.17
Tiny Homes (Free Standing)	3	290	\$2.51	\$729						\$758	\$2.61
Big Billies (Dormitory)	138	242	\$2.84	\$688						\$688	\$2.84
Average		331	\$2.33	\$754						\$761	\$2.35
Median		351	\$2.17	\$729						\$758	\$2.21
1 BEDROOM											
Village Court	78	525	\$1.64	\$ 862	paid by tenant	(\$12.50)	\$ 850	\$ 25.49	\$ 12.50	\$887	\$1.69
Mountain View	5	628	\$1.11	\$700						\$700	\$1.11
Shandoka	12	532	\$1.66	\$ 885						\$898	\$1.69
Shandoka	30	476	\$1.79	\$ 851						\$864	\$1.81
Average		540	\$1.73	\$812						\$837	\$1.58
Median		529	\$1.73	\$851						\$876	\$1.69
2 BEDROOM											
Village Court	52	785	\$1.36	\$ 1,071	(\$116)	(\$12.50)	\$ 943	\$ 34.78	\$12.50	\$990	\$1.26
Virginia Placer	9	837	\$1.73	\$1,451						\$1,509	\$1.80
Shandoka	10	778	\$1.50	\$ 1,167						\$1,185	\$1.52
Shandoka	4	770	\$1.69	\$ 1,302						\$1,322	\$1.72
Mountain View	25	760	\$1.45	\$1,100						\$1,100	\$1.45
Virginia Placer	3	711	\$2.00	\$1,421						\$1,478	\$2.08
Shandoka	35	704	\$1.61	\$ 1,132						\$1,149	\$1.63
Average		760	\$1.69	\$1,262						\$1,247	\$1.72
Median		765	\$1.65	\$1,235						\$1,185	\$1.67
3 BEDROOM											
Village Court	12	1075	\$1.16	\$ 1,251	paid by tenant	(\$12.50)	\$ 1,239	\$ 37.16	\$ 12.50	\$1,288	\$1.20
Shandoka	5	1,025	\$1.53	\$ 1,564						\$1,587	\$1.55
Shandoka	11	1,018	\$1.46	\$ 1,488						\$1,510	\$1.48
Shandoka	7	943	\$1.55	\$ 1,457						\$1,479	\$1.57
Average		1015	\$1.42	\$1,440						\$1,466	\$1.45
Median		1022	\$1.49	\$1,473						\$1,495	\$1.52

VCA Units with AMI Income and Rent Limitations per DOLA Covenant

Unit Type	Number of Units	Maximum Rent Limitation Per HOME Rent Limitation Chart	Current Rent per Month	Proposed Rental Increase	Additional Income or deficiency
Studio CDBG	40	892.00	700.00	\$674	218.00
Studio CDBG	14	966.00	700.00	\$674	292.00
1 Bedroom CDBG	19	890.00	862.00	\$887	3.00
2 Bedroom CDBG	15	1,150.00	1,071.00	\$990	160.00
1 Bedroom HOME Unit	5	890.00	862.00	\$887	3.00
1 Bedroom HOME Unit	1	730.00	730.00	\$887	(157.00)
3 Bedroom HOME Unit	1	1,222.00	1,222.00	\$1,288	(66.00)
TOTAL	95				(223.00)

Notes:

1. For the units that pay their own electricity (studios and 3 bedrooms) the maximum rent limitation is adjust to include the HUD utility allowance amount
2. At current rent levels and with the proposed changes, only two units would be required to impose rents less than the proposed rent increase. The total reduction in income is shown in the table
3. CDBG - Community Development Block Grant
4. HOME - Home Investment Partnerships (Community Planning and Development HUD program)